



Fraud Hotline Update July 2008 – June 2009 Office of the City Auditor

**Audit Committee Meeting
Aug 31, 2009**

Hotline Phone Number (866) 809-3500

Hotline Activity

July 2008 through June 2009

- During July 2008 through June 2009, the Hotline received 140 complaints, and 52% of these complaints pertained to:
 - Employee Relations – 22%
 - Policy Issues – 21%
 - Customer Relations – 9%
- As shown in the following table, the majority of complaints made to the Hotline continue to be non-fraud, waste, or abuse related.

Hotline Activity By Complaint Type

Category	Qtr 1 July- Sept	Qtr 2 Oct- Dec	Qtr 3 Jan- Mar	Qtr 4 Apr- Jun	Subtotal	Percent	City Auditor Investigations	Referred to Departments
Employee Relations	18	10	1	2	31	22.1%	0	31
Policy Issues	15	8	1	5	29	20.7%	5	24
Customer Relations	6	2	2	3	13	9.3%	2	11
Fraud	4	2	2	3	11	7.9%	6	5
Theft of Time	3	2	0	3	8	5.7%	1	7
Conflicts of Interest	5	2	0	0	7	5.0%	1	6
Discrimination	1	4	1	0	6	4.3%	0	6
Waste and Abuse	1	4	0	1	6	4.3%	4	2
Accounting/Audit Irregularities	3	0	0	2	5	3.6%	5	0
Retaliation of Whistleblowers	1	3	0	0	4	2.9%	0	4
Theft of Goods/Services	1	3	0	0	4	2.9%	1	3
Safety Issues and Sanitation	2	1	0	1	4	2.9%	1	3
Sexual Harassment	1	2	0	0	3	2.1%	0	3
Substance Abuse	3	0	0	0	3	2.1%	0	3
Wage/Hour Issues	0	1	1	1	3	2.1%	0	3
Falsification of Records	0	2	0	0	2	1.4%	0	2
Workplace Violence	1	0	0	0	1	.7%	0	1
Total	65	46	8	21	140	100%	26	114

Hotline Activity

July 2008 through June 2009

- As shown below, of the 140 complaints received, 118 (84.3%) cases have been closed and 22 (15.7%) remain open.
- 38 complaints were substantiated and/or corrective actions were taken, 65 complaints were unsubstantiated, and seven complaints did not have enough information to permit an investigation.

Complaint Status	City Auditor Investigations	Department Investigations	Total	Percent
Complaint Substantiated / Corrective Action Taken	8	30	38	27.1%
Complaint Unsubstantiated	7	58	65	46.5%
Not Enough Information Provided	2	5	7	5.0%
Complaint Outside the Purview of the Fraud Hotline	0	8	8	5.7%
Subtotal – Investigations Closed	17	101	118	84.3%
Complaints Open and Unresolved	9	13	22	15.7%
Total	26	114	140	100.0%

Hotline Activity

City Auditor Investigations, July 2008 – June 2009

- From July 2008 through June 2009 there have been eight City Auditor investigations that substantiated allegations and/or corrective actions were taken.
- We completed four investigations since our last update:
 - Allegations that the Fourth District Senior Center (center) failed to maintain adequate accounting records and accurate financial statements, co-mingled grant funds, and made personal use of center funds. These allegations were substantiated, as well as an additional allegation of an assault at the center. The Department of Parks and Recreation, the oversight entity for the center, agreed to implement procedures to strengthen oversight and control of entities operating under Special Use Permits, such as the center. The City Planning and Investment Department, which administers a block grant to the center, conducted a fiscal monitoring visit and plans to release the results of the monitoring visit in its FY 2009 report and evaluate the center's eligibility for future block grant funding.
 - An allegation that a City employee used her email address and position as a City employee to misrepresent herself as a court official to obtain confidential out-of-state family court documents. Our investigation substantiated this allegation. The Personnel Department plans to terminate the employee's City employment and make a recommendation to the employee's file against future employment with the City.

Hotline Activity

City Auditor Investigations, July 2008 – June 2009, cont.

- Allegations that Promote La Jolla, Inc. (PLJ), a non-profit organization receiving City funds, submitted duplicated and prohibited expenditures for reimbursement to the City, and used City funds for purposes outside the scope of its operating agreements. Our investigation substantiated these allegations, and found duplicate billings and misuse of City funds totaling **\$112,070**. The City Planning and Community Investment Department (CPCID) is consulting with the City Attorney's Office to take appropriate action. In addition, CPCID staff are working with PLJ staff to identify opportunities to offset duplicate expenses with currently unreimbursed expenses. Finally, CPCID plans to assign an administrative staff person to review future reimbursement requests from PLJ to ensure that duplicate expenses are identified and not reimbursed.
- An allegation that a Development Services Department employee took merchandise without permission from a place of business during the course of an official City inspection. Our investigation substantiated the allegation. The Department indicated they will take the appropriate disciplinary action.

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Available 24/7/365